



County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 26, 2011

To: Mayor Michael D. Antonovich
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Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

MOTION TO SUPPORT HOUSE RESOLUTION 25 (MILLER) (ITEM NO. 2, AGENDA OF MAY 31, 2011)

Item No. 2 on the May 31, 2011 Agenda is a motion by Supervisor Knabe for the Board of Supervisors support House Resolution 25 (Miller).

House Resolution 25 (Miller, R-CA), as introduced on January 6, 2011, would express the sense of Congress that the current Federal income tax deduction for mortgage interest paid on debt secured by a first or second home should not be further restricted. Additionally, the resolution declares that the current Federal income tax deduction for interest paid on debt secured by a first home has been a valuable cornerstone of the nation's housing policy for most of the century and may well be the most important component of housing related tax policy in America today.

Currently, the Federal income tax mortgage interest deduction allows taxpayers to claim a deduction equal to the interest paid on the first \$1 million of debt used for acquiring, constructing, or substantially improving a residence, or the first \$100,000 of home equity debt regardless of the purpose or use of the loan. Prior to the Tax Reform Act of 1986, the interest on all personal loans, including credit card debt, was deductible. The 1986 Tax Reform Act eliminated that broad deduction, but created the narrower home mortgage interest deduction under the theory that it would encourage more home ownership.

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For a large percentage of the nation, the value of a home represents a valuable source of savings that can be accessed for needed expenses and for investments. Reducing the tax deduction would have the effect of lowering the affordability of homes as well as a home's value and, by extension, the savings to homeowners across the nation.

House Resolution 25 has 124 co-sponsors, including the following members of the California Congressional Delegation: Representatives Howard Berman, Brad Sherman, Maxine Waters, Lois Capps, Joe Baca, Brian Bilbray, Ken Calvert, Dennis A. Cardoza, Jim Costa, Jeff Denham, Anna G. Eshoo, Sam Farr, Bob Filner, Elton Gallegly, Michael M. Honda, Duncan D. Hunter, Zoe Lofgren, Jerry McNerney, Grace F. Napolitano, Laura Richardson and Lucille Roybal-Allard.

House Resolution 25 was referred to the House Committee on Ways and Means on January 6, 2011 and has not yet been scheduled for a hearing.

Support for this motion is consistent with existing Board approved policies to support proposals, tax incentives, and funding which would increase home ownership.

WTF:RA
MR:KL:lm

c: Executive Office, Board of Supervisors
County Counsel